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{ REPORT
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NATIONAL SALVAGE MOTOR VEHICLE
CONSUMER PROTECTION ACT OF 1999

R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION

ON

S. 655



JULY 28, 1999.—Ordered to be printed

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

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(II)

NATIONAL SALVAGE MOTOR VEHICLE CONSUMER
PROTECTION ACT OF 1999

JULY 28, 1999.—Ordered to be printed

Mr. MCCAIN, from the Committee on Commerce, Science, and
Transportation, submitted the following

REPORT

[To accompany S. 655]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 655) “A Bill to establish nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and rebuilt vehicles”, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

PURPOSE OF THE BILL

The purpose of the bill is to foster nationally uniform requirements regarding the titling and registration of salvage, nonrepairable, and flood vehicles.

BACKGROUND AND NEEDS

Inconsistencies in State laws concerning the titling of automobiles foster automobile theft and exposes consumers to fraud by making it possible to hide information that a vehicle was massively damaged and then rebuilt.

The Anti-Car Theft Act of 1992 (P.L. 102-519) addressed differences in State automobile titling laws used by criminals to thwart law enforcement efforts. The Act also established a task force to “study the problems which relate to motor vehicle titling, vehicle registration, and controls over motor vehicle salvage which may effect the motor vehicle theft problem.”

This task force examined two problems related to salvage vehicles: vehicle theft and how consumers obtain information that a vehicle was rebuilt from salvage.

Vehicle theft is facilitated by the practice of “title washing” in which the vehicle identification number (VIN) from a salvage vehicle is placed on a similar stolen vehicle. The vehicle is then retitled in a State that does not “brand” the title as belonging to a salvage vehicle. By retitling the car in this manner, the thief has “washed” the title of the salvage brand so that it may be resold with relative ease.

Title washing can also deprive consumers of important information about a vehicle even when theft is not involved. If a vehicle is significantly damaged, the owner’s insurance company often takes title to the vehicle and sells it as a salvage vehicle. That salvage vehicle may be purchased by a rebuilder, rebuilt and resold without the purchaser knowing. Information about the vehicle’s history is lost if someone in the chain of ownership washes the title of the salvage brand by retitling the vehicle in a State that does not carry forward the title brands of other States. When a title has been washed in this manner, all later purchasers are deprived of information that may alert them to potential problems with the vehicle. These later purchasers may include auto dealers that purchased the vehicle at a used car auction or an individual purchasing the car for personal use.

The Motor Vehicle Titling, Registration and Salvage Advisory Committee examined these concerns and transmitted its report to Congress on February 10, 1994. Among the Advisory Committee’s recommendations were: (1) Federal legislation to create uniform definitions for certain title brands, including “salvage,” “nonrepairable,” and “flood vehicle”; (2) national standards for how and when ownership documents for salvage and nonrepairable vehicles must be applied for and issued; (3) how and when duplicate titles should be issued; and (4) national uniform standards for VIN and Safety inspections of rebuilt salvage vehicles.

S. 655 is based on the Advisory Committee’s recommendations.

SUMMARY OF MAJOR PROVISIONS

S. 655 would establish incentives for States to participate in a regulatory framework that would establish nationally uniform definitions for certain terms used on vehicles titles such as: “salvage vehicle,” “rebuilt salvage vehicle,” “nonreparable vehicle,” and “flood vehicle.” In participating States, the legislation would preempt State law to the extent that it is inconsistent with these definitions. However, States which establish lower percentage thresholds for determining salvage vehicles would not be considered inconsistent with the definitions.

S. 655 would require participating States, in licensing a passenger motor vehicle whose ownership has been transferred, to disclose on the certificate of title whenever records indicate that such vehicle was previously issued a title that contained a word or symbol signifying that it was salvage, unrebuildable, parts only, scrap, junk, nonrepairable, reconstructed, rebuilt or that it had been damaged by flood. The bill also requires disclosure in other forms. S. 655 requires rebuilt salvage vehicles to have a label affixed to the window or windshield. It also requires written disclosure at the point of sale that the vehicle is a rebuilt salvage or a flood vehicle.

The legislation would require the Secretary of Transportation to establish, for participating States, nationally uniform standards for titles and title brands, including standards for anti-theft and safety inspections of rebuilt vehicles for States that require safety inspections.

S. 655 would establish civil penalties for violations of the Act.

LEGISLATIVE HISTORY

S. 655 was introduced by Senator Lott on March 17, 1999. No hearings were held on the measure. The Committee did hold hearings on a similar version, S. 852, the National Motor Vehicle Safety Anti-Theft, Title Reform, and Consumer Protection Act of 1997 during the 105th Congress. S. 852 was amended in the nature of a substitute and reported by the committee. There are significant differences between the bill in the 105th Congress and the bill the Committee reports this Congress. For example, the threshold defining "salvage vehicle" was lowered from 80 percent to 75 percent. In addition, States can use a lower threshold to define a salvage vehicle and still be in compliance with the bill. The bill from the 105th Congress only allowed States to cover vehicles 7 years and younger with a value greater than \$10,000. The current bill allows States to cover any vehicle regardless of age and the value was lowered to \$7,500. The bill no longer preempts State law and States are no longer required to adopt the provisions of the bill to receive funding for the National Motor Vehicle Titling Information System. Also, the bill grants state attorneys general the ability to sue on behalf of citizens who are victimized by rebuilt salvage fraud and to recover monetary judgements for damages. The bill allows States to continue to use terms not defined in the bill and it includes language ensuring that any existing private right of action is not affected by the bill.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 16, 1999.

Hon. JOHN MCCAIN,
*Chairman, Committee on Commerce, Science, and Transportation,
U.S. Senate, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 655, the National Salvage Motor Vehicle Consumer Protection Act of 1999.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are James O'Keeffe (for

federal costs), Lisa Cash Driskill (for the state and local impact), and Patrice Gordon (for the private-sector impact).

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

S. 655—National Salvage Motor Vehicle Consumer Protection Act of 1999

Summary: The National Salvage Motor Vehicle Consumer Protection Act of 1999 would direct the Department of Transportation (DOT) to establish uniform national standards for titling and registering salvage, nonrepairable, and rebuilt vehicles. If states choose to adopt these standards, they would be eligible to receive incentive grants to help defray the costs of complying. In participating states, civil penalties would be established for individuals who knowingly provide false information on disclosures made pursuant to the bill's provisions, or who violate its vehicle titling and disclosure requirements.

Assuming appropriation of the authorized and estimated amounts, CBO estimates that implementing S. 655 would result in additional discretionary spending of approximately \$16 million over the 2000–2004 period. The legislation could affect direct spending and receipts; therefore, pay-as-you-go procedures would apply. However, CBO estimates that any such effects would be insignificant.

S. 655 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA). It would, however, place additional requirements on states that receive funds authorized in the bill and that participate in the National Motor Vehicle Title Information System (NMVTIS).

The bill would impose private-sector mandates, but CBO estimates that the direct costs of those mandates would not exceed the annual threshold established in UMRA (\$100 million in 1996, adjusted annually for inflation) in any of the first five years that the mandates are effective.

Description of the bill's major provisions: S. 655 would establish uniform national standards for titling and registering salvage, nonrepairable, and rebuilt vehicles. For states that choose to participate in the National Motor Vehicle Title Information System, the bill specifies information that must be included on a vehicle title and procedures that must be followed to minimize the opportunity for fraud. NMVTIS is an information network that will seek to provide all participants with instant and reliable access to information maintained by the states related to automobile titling.

The legislation would require that all rebuilt salvage vehicles pass a state anti-theft inspection and lists procedures that should be included in this inspection. For those states that choose to require a safety inspection of rebuilt salvage vehicles, S. 665 would direct the Secretary of Transportation to establish uniform national safety inspection criteria. The legislation would establish civil penalties for individuals in participating states who knowingly provide

false information on disclosures made pursuant to its provisions, or who violate its vehicle titling and disclosure requirements.

The bill would authorize the appropriation of \$16 million in 2000 for incentive grants to assist states in implementing NMVTIS. These grants would be made to states deemed by the Secretary of Transportation to be taking appropriate actions to implement the provisions of S. 655. (The legislation also would permit the Attorney General to continue making reasonable and necessary grants, as authorized under current law, to participating states assist them in joining NMVTIS.)

The bill also would require DOT to develop and implement a program to notify motor vehicle dealers and distributors that they are prohibited under current law from selling any new vehicle for use as a schoolbus that does not meet schoolbus safety requirements.

Estimated cost to the Federal Government: CBO estimates that DOT would spend approximately \$16 million over the 2000–2004 period to implement S. 665, assuming appropriation of the authorized and estimated amounts. The Department of Justice (DOJ) could also incur costs to implement the bill, but CBO expects that they would not be significant. The Anti-Car Theft Improvements Act of 1995 (Public Law 104–152) transferred federal authority over the title information system from the Secretary of Transportation to the Attorney General. Under S. 655, DOJ would retain responsibility for administering and funding NMVTIS at the federal level.

The estimated budgetary impact of S. 655 is shown in the following table. For the purposes of this estimate, CBO assumes that S. 655 will be enacted by the end of fiscal year 1999. The costs of this legislation fall within budget function 400 (transportation).

	By fiscal years, in millions of dollars—				
	2000	2001	2002	2003	2004
SPENDING SUBJECT TO APPROPRIATION					
Estimated authorization level	16	(¹)	(¹)	(¹)	(¹)
Estimated Outlays	(¹)	4	7	3	2

¹ Less than \$500,000.

Based on information DOT, CBO expects that distribution of the incentive grants would not begin until 18 months after enactment of this bill, by which time DOT must finalize a rule governing the uniform standards and control methods. Therefore, we anticipate that disbursement of the grants would begin in the middle of 2001 and continue beyond 2004.

Based on information from DOT, CBO estimates that the total cost of writing the rule that specifies uniform safety provisions for states that choose to require safety inspections would be less than \$100,000. It would cost approximately \$250,000 to determine whether user fees would cover state costs of developing uniform safety and titling provisions and to report the results to the Congress. In addition, DOT expects that it would need to hire one full-time employee to review safety and titling programs of individual states and convey the information to interested parties. The new

position would likely be at the GS-15 level, resulting in costs for compensation and expenses totaling about \$500,000 over the 2000–2004 period. The other requirements that this legislation would impose on DOT are likely to have negligible costs. In total, CBO estimates that administrative costs for implementing the bill would be less than \$500,000 a year.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. Imposing the new civil fines contained in S. 655 could result in an increase in governmental receipts, but CBO estimates that any such changes would be less than \$500,000 a year.

Estimated impact on State, local, and tribal governments: S. 655 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act. It would, however, place additional requirements on states that choose to accept funds authorized in the bill and participate in the National Motor Vehicle Title Information System. The goal of NMVTIS is to build a national information network that will allow states to share information about motor vehicle titles in order to reduce theft. A state accepting funds authorized by the bill to help it link to the network could face additional costs if its existing regulations and procedures for inspecting and titling salvage, rebuilt, and flood-damaged vehicles differ from the federal standards.

States have varying procedures currently in place for regulating salvage, rebuilt, and flood-damaged vehicles. They would thus face different costs depending on the extent to which they need to modify their systems to conform to the federal standards. Some states would have to pass new laws. For other states, the changes would be mostly administrative and would involve activities such as modifying the position of information on vehicle titles, printing new forms, and adopting changes to definitions and procedures for handling titles. These states would face modest one-time costs to bring their regulations and procedures into conformity.

Costs in states that chose to establish new procedures or systems would be higher and would include both these one-time costs and new annual operating expenses. For example, many states do not issue titles for nonrepairable vehicles and would be required to do so if they participate in NMVTIS. Some states also would have to expand their anti-theft inspection programs to meet the uniform standards. Costs for these states could reach into the millions of dollars.

Estimated impact on the private sector: S. 655 would impose a new private-sector mandate on sellers of rebuilt salvage vehicles and would change an existing mandate on insurance carriers and on operators of junk yards and salvage yards. Based on information provided by government and industry sources, CBO estimates that the direct costs of those private-sector mandates would not exceed the annual threshold established in UMRA (\$100 million in 1996, adjusted annually for inflation) in any of the first five years that the mandates are effective. The bill also would impose new requirements on the private sector in states that choose to implement incremental standards and control methods for titling and registering

salvage, nonrepairable, and rebuilt vehicles based on the uniform criteria to be established under the bill's guidelines.

S. 655 would require persons transferring ownership of rebuilt salvage vehicles to give the transferee a written disclosure that the vehicle is a rebuilt salvage vehicle, when such person has actual knowledge of the status of the vehicle. Because such a disclosure would most likely be a standardized form, CBO estimates that the costs of this new mandate would be minimal.

S. 655 would modify an existing mandate on insurance carriers and operators of junk yards and salvage yards. Under the current law, those entities are required to include an inventory of junk and salvage automobiles in their monthly reports to the operator of the National Motor Vehicle Title Information System. Under S. 655, they would be required to include an inventory of certain flood-damaged, nonrepairable, salvage, and rebuilt salvage vehicles in their reports. The NMVTIS system is in the early stages of development, and the reporting requirements for the private sector have not yet been implemented. Based on information provided by government and industry sources, CBO estimates that the additional direct costs of the revised mandate would be minor.

In addition, the bill outlines certain uniform titling and registration requirements that could affect the private sector in states receiving funds under the federal grant program that would be established by the bill. Currently each state has different procedures in place for regulating salvage and rebuilt vehicles. In states that decide to receive grants and adopt the uniform standards and control methods under the bill, additional requirements could be imposed on the private sector related to the titling and labeling of rebuilt salvage vehicles, the certification of nonrepairable vehicles, the labeling and disclosure of flood-damaged vehicles, and the disclosure of damage to salvage vehicles. Such new requirements implemented by states would impose costs on the private sector, but are not considered federal mandates under UMRA. CBO does not expect the costs to the private sector of such incremental requirements to be significant.

Estimate prepared by: Federal Costs: James O'Keeffe. Impact on State, Local, and Tribal Governments: Lisa Cash Driskill. Impact on the Private Sector: Patrice Gordon.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

NUMBER OF PERSONS COVERED

The legislation would apply to those involved with vehicles that meet the definition of a salvage vehicle, a flood vehicle or a non-repairable vehicle. The legislation would foster uniform definitions of those terms and thereby better inform all consumers (including auto dealers and the ultimate driver of the vehicle) about the his-

tory of a vehicle that has been massively damaged and then repaired.

ECONOMIC IMPACT

This legislation would have minimal impact on the nation's economy. It would aid the appropriate functioning of the market for rebuilt motor vehicles but that would have little macroeconomic effect.

PRIVACY AND PAPERWORK

This legislation would not have any significant adverse impact on the personal privacy of the individuals affected nor would it institute burdensome paperwork requirements. The legislation would require that if a car is massively damaged, a person must obtain a salvage title and then have the car inspected before the car is issued a title that would permit it to be driven on roads and highways. The vehicle's title would then reflect its history and indicate that it had been rebuilt. In some States, these procedures would require both additional disclosures of the vehicle's history and the acquisition of a new title for the vehicle once it has been rebuilt.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section provides that the Act may be cited as the "National Salvage Motor Vehicle Consumer Protection Act of 1999."

Section 2. Motor vehicle titling and disclosure requirements

Subsection (a) of this section amends title 49, United States Code, by inserting at its end a new chapter, chapter 333, "Automobile Safety and Title Disclosure Requirements". Subsection (b) makes a conforming amendment to the United States Code.

The new chapter 333 is comprised of eight sections.

§33301. Definitions

Section 33301 establishes several new definitions for the purposes of chapter 333.

The term "salvage vehicle" is defined as any passenger motor vehicle which is a late model vehicle, which has been wrecked, destroyed, or damaged to the extent that the total estimated or actual cost of repairs to rebuild or reconstruct that vehicle to its road-worthy condition immediately before it was wrecked, destroyed, or damaged exceeds 75 percent of the retail value of the vehicle. A vehicle is also a salvage vehicle if it is voluntarily designated by the owner as a salvage vehicle or if the vehicle is acquired by an insurance company after it was wrecked, destroyed, or damaged, and was acquired pursuant to a damage settlement (except in the case of a settlement in connection with a recovered stolen automobile, unless such automobile was damaged enough to meet the 75 percent threshold).

The term "salvage title" is defined as a passenger motor vehicle ownership document issued by a State to the owner of a salvage vehicle and is conspicuously labeled with the word "salvage" across the front.

The term “rebuilt salvage vehicle” is defined as a passenger motor vehicle which was previously issued a salvage title, has passed a State anti-theft inspection, and has been issued a certificate stating so. In States that require safety inspections for rebuilt salvage vehicles, the rebuilt salvage vehicle must pass such inspection, be issued a certificate stating so, and have a decal stating that it is a “Rebuilt Salvage Vehicle-Anti-theft and Safety Inspections Passed.” In States which do not require safety inspections, the rebuilt salvage vehicle must have a decal stating that it is a “Rebuilt Salvage Vehicle-Anti-theft Inspection Passed/No Safety Inspection Pursuant to National Criteria.”

The term a “rebuilt salvage title” is defined as a passenger motor vehicle ownership document issued to the owner of a rebuilt salvage vehicle and is conspicuously labeled with words indicating that it is a rebuilt salvage vehicle and whether or not it has passed a safety inspection pursuant to national criteria.

The term “nonrepairable vehicle” is defined as any passenger motor vehicle which is incapable of safe operation on the roads and highways and which has no resale value except as a source of parts or scrap, or which the owner irreversibly designates as a source of parts or scrap.

Nonrepairable vehicles are issued nonrepairable vehicle certificates, which are defined as an ownership document issued by the State to the owner of a nonrepairable vehicle, and may never again be retitled.

The term “Secretary” refers to the Secretary of Transportation.

The term “late model vehicle” is defined as any passenger motor vehicle which has a manufacturer’s model year designation of or later than the year in which the vehicle was wrecked, destroyed, or damaged, or any of the six preceding years, or has a retail value of more than \$7,500. The Secretary is required to adjust the retail value figure by \$500 increments every 5 years beginning with an increase to \$8 thousand on January 1, 2005.

The term “retail value” is defined as the actual cash value, fair market value, or retail value of a passenger motor vehicle as either set forth in the current edition of any nationally recognized compilation of retail values, which may include automated databases, or (B) as determined by conducting a market comparison of vehicles with like equipment and in a similar condition.

The term “cost of repairs” is defined as the estimated or actual cost of the parts used in the repairs plus the reasonable and customary labor charges in the community where the repairs are to be performed.

The term “flood vehicle” is defined as any passenger motor vehicle that is acquired by an insurance company as part of a damage settlement due to water damage or a vehicle that has been submerged in water such that rising water has reached over the door sill, entered the passenger or trunk compartment, has exposed any electrical, computerized, or mechanical component to water. Exceptions from this definition are provided if an inspection, conducted using guidelines established either by the State or the Secretary, indicates that no electrical, computerized or mechanical components were damaged by water or if they were damaged by water they have been repaired or replaced.

§ 33302. *Passenger motor vehicle titling*

The provisions of section 33302 apply to any State that receives funds under Sec. 33308 of this chapter.

Subsection (a) requires that participating States “carry forward” any brand on a title from another State signifying that the vehicle was previously issued a title that bore any word or symbol indicating that the vehicle was “salvage,” “unrebuildable,” “parts only,” “scrap,” “junk,” “nonrepairable,” “reconstructed,” “rebuilt,” that it has been damaged by flood, or any other similar word or symbol, by disclosing such status on the new certificate of title. States are required to begin carrying forward other States brands no later than one year after the date of enactment.

Subsection (b) contains the bulk of requirements for participating States. This subsection requires the Secretary to issue a rule no later than 18 months after the date of enactment requiring participating States apply uniform standards, procedures, and methods of control for the issuance and control of titles for motor vehicles and for information contained in such titles. States will have two years from the date on which the Secretary issues the final rule to comply. The rule issued by the Secretary is to have the following components described in paragraphs (1) through (12).

Paragraph (1) requires the participating State to conspicuously indicate on the face of a title whether the vehicle is a salvage vehicle, a nonrepairable vehicle, or a rebuilt salvage vehicle or a flood vehicle.

Paragraph (2) requires that such information be carried forward by the State or any other participating State.

Paragraph (3) requires that any titling documents, decals, certificates, or issuing systems used by participating States must meet security standards that minimize the opportunity for fraud.

Paragraph (4) requires that the certificate of title issued by a participating State shall include the passenger motor vehicle make, model, body type, year, odometer disclosure, and vehicle identification number.

Paragraph (5) requires that titling documents issued by the participating State are required to be in a uniform layout, either established with the participating State or an organization representing participating States.

Paragraph (6) requires that nonrepairable vehicles shall be issued nonrepairable vehicle certificates by participating States and shall not again be retitled.

Paragraph (7) stipulates that a salvage vehicle may not be issued a rebuilt salvage title by a participating State unless, after it is repaired or rebuilt, it complies with the requirements for a rebuilt salvage vehicle outlined in section 33301(4). Any State inspection program operating under the authority of this paragraph would be required to have an inspection program for rebuilt salvage vehicles that meets certain defined requirements. Such inspection programs would be subject to continuing review by and approval of the Secretary.

Paragraph (8) requires the Secretary to adopt nationally uniform safety inspection criteria for rebuilt salvage vehicles for use by States requiring a safety inspection.

Paragraph (9) stipulates that no participating State may issue a duplicate title unless it is conspicuously labeled as a duplicate title and the State adopts procedures consistent with the recommendations of the Motor Vehicle Titling, Registration, and Salvage Advisory Committee.

Paragraph (10) requires participating States to employ the ten enumerated titling and control methods described in subparagraphs (A) through (J).

Paragraph (11) requires the seller of a passenger motor vehicle who has actual knowledge that the vehicle was damaged by flood to disclose that fact in writing to the buyer.

Similarly, paragraph (12) requires that lessees give the same notice concerning flood vehicles to lessors.

Paragraph (13) permits participating States to transfer ownership of a vehicle on a salvage title, but prohibits the registration of the vehicle for use on the roads or highways unless it receives a rebuilt salvage title.

Paragraph (14) explicitly permits the transfer and registration of rebuilt salvage vehicles.

Paragraph (15) limits the transfer of nonrepairable vehicles and prohibits the registration of those vehicles for use on the roads and highways.

Subsection (c) allows participating States to use electronic procedures in lieu of paper documents as long as they provide the same information, function and security as required by this section.

Subsection (d) directs the Secretary of Transportation to maintain a list of States that are in compliance with the act.

§33303. Disclosure and label requirements on transfer of rebuilt salvage vehicles

This section is intended to ensure that consumers are provided with adequate notice that they may be purchasing a rebuilt salvage vehicle.

Subsection (a) requires the person transferring a rebuilt salvage vehicle, with actual knowledge of its status, to disclose that fact in writing to the person receiving the vehicle. Such written disclosures must be true, complete, and conform to regulations issued by the Secretary.

Subsection (b) is meant to provide additional notice to consumers who are purchasing rebuilt salvage vehicles at their first retail sale after being rebuilt. This subsection requires that the person conducting an anti-theft inspection required under 33301(4) in a participating State affix a label to the window or windshield indicating that the vehicle is a rebuilt salvage vehicle and such other information as the Secretary may require. The label may not be removed, altered, or rendered illegible before the rebuilt salvage vehicle is delivered to the first retail purchaser.

Subsection (c) indicates the requirements of subsections (a) and (b) only apply to the transfer of ownership of a rebuilt salvage vehicle where the transfer occurs in a State that is complying with the requirements of this section.

§ 33304. Report on funding

This section requires the Secretary to issue a report to Congress, contemporaneously with the issuance of the rule under 33302(b), on whether participating States could meet the costs of complying with that rule through user fees or the earmarking of revenues collected through law enforcement actions under the rule.

§ 33305. Effect on State law

Subsection (a) provides that, as of the effective date of the rule issued under 33302(b), the provisions of the new chapter shall preempt all State laws in participating States to the extent that they are inconsistent with the provisions of the chapter or the rules issued under its authority, with respect to the form of the passenger motor vehicle titling document, definitions established under the new chapter, or titling, record keeping, anti-theft inspection, or control procedures.

Subsection (b) specifically provides that preemptions are not to be construed as affecting any consumer law remedies which may be available to residents of the participating State for violations of the new chapter. Preemption under this subsection is limited to the terms used in the new chapter. Therefore, terms and brands other than those specifically preempted by the legislation would not be preempted. The bill specifically exempts the term older model salvage vehicle. Also, any vehicles which may be regulated by existing State statutes, but do not fall within the definition of passenger motor vehicle as defined by 33301(1), are not covered by the Act and existing State regulatory regimes applicable to those vehicles would remain intact. One of the central purposes of this statute is uniformity as to a limited number of definitions so that consumers have some information which may be relied upon as to the vehicle's history. All State laws that deal with the concept of "Salvage vehicles", that is vehicles that have been significantly damaged and then rebuilt, are not preempted. If a State would like to have its title contain disclosures in addition to the Federal disclosure, that is permitted as long as the Federal term is not interfered with. For example, if a State wanted to have a disclosure on the title if a vehicle was damaged to more than 50 percent of its retail value, the State may accomplish that goal by merely using a term other than "Salvage" to describe such a vehicle. Likewise, any State consumer law remedy that would apply to the class of vehicles regulated by the new chapter, even if the term used to refer to those vehicles is preempted under subsection (b), would not be inconsistent with this chapter and would remain intact.

Subsection (c) explicitly permits additional disclosures of a passenger motor vehicle's title status or history, including those made on the face of a title. It also permits disclosures that a rebuilt salvage vehicle passed a safety inspection that differed from the national criteria promulgated by the Secretary pursuant to 33302(b)(8). However, the legislation preempts any participating State's definition of any term defined in the legislation as applied to a passenger motor vehicle. The Committee intends to permit States that disclose major damage to passenger motor vehicles, other than through different thresholds for the terms defined in

33301, to continue to disclose that information, regardless of where the information appears.

§ 33306. Civil penalties

Subsection (a) lists the acts that are prohibited by the new chapter.

Subsection (b) sets forth the civil penalties and clarifies that there is a separate violation for each passenger motor vehicle involved in the violation.

§ 33307. Actions by States

Subsection (a) permits an action to enjoin the violation; recover penalties under section 33306; or recover damages suffered by any resident in the State who suffered damage as the result of a knowing violation of the law.

Subsection (b) establishes a two-year statute of limitations.

Subsection (c) requires that the State serve prior or contemporaneous written notice on the Attorney General of the United States of any action brought under subsections (a) or (e)(2). After notification, the Attorney General shall have the right to intervene or appeal such action.

Subsection (e) stipulates rules for venue and service of process.

Subsections (d) and (f) clarify that nothing in the new chapter prevents the Attorney General of a State, or other authorized official, from proceeding in State court on the basis of an alleged violation of a civil or criminal statute of the State. Further, nothing in the new chapter prohibits a State's attorney general or other State official from exercising the investigative powers conferred on that official.

§ 33308. Incentive grants

This section allows the Secretary to provide incentive grants to participating States to carry out the provisions of the act.

Section 3. Amendments to chapter 305

Subsection (a) conforms the definitions in chapter 305 to replace the terms junk automobile and salvage automobile with the terms nonrepairable vehicle and salvage vehicle. It also adds the term rebuilt salvage vehicle and defines all of the terms as they are defined by section 33301.

Subsection (b) conforms the requirements of the National Motor Vehicle Title Information System (NMVTIS) to conform the changes in definitions made in subsection (a) and require the tracking of rebuilt salvage vehicles.

Subsection (c) directs the Attorney General to conduct a review of systems used by States to compile and maintain information about the titling of automobiles and determine the cost of making that info available to NMVTIS.

Subsection (d) directs the Attorney General to report to Congress on which States have joined the NMVTIS system and the impediments to those States which have not.

Section 4. Dealer notification program for prohibited sale of non-qualifying vehicles for use as school buses

This section requires the Secretary of Transportation to develop a program to notify automobile dealers that it is illegal to sell a new vehicle for use as a school bus if it does not meet federal safety standards.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 49—TRANSPORTATION

Subtitle VI—Motor Vehicle and Driver Programs

PART A—GENERAL

CHAPTER 301—MOTOR VEHICLE SAFETY

Subchapter II—Standards and Compliance

§ 30112. Prohibitions on manufacturing, selling, and importing noncomplying motor vehicles and equipment

(a) **IN GENERAL.**—Except as provided in this section, sections 30113 and 30114 of this title, and subchapter III of this chapter, a person may not manufacture for sale, sell, offer for sale, introduce or deliver for introduction in interstate commerce, or import into the United States, any motor vehicle or motor vehicle equipment manufactured on or after the date an applicable motor vehicle safety standard prescribed under this chapter takes effect unless the vehicle or equipment complies with the standard and is covered by a certification issued under section 30115 of this title.

(b) **NONAPPLICATION.**—This section does not apply to—

(1) the sale, offer for sale, or introduction or delivery for introduction in interstate commerce of a motor vehicle or motor vehicle equipment after the first purchase of the vehicle or equipment in good faith other than for resale;

(2) a person—

(A) establishing that the person had no reason to know, despite exercising reasonable care, that a motor vehicle or motor vehicle equipment does not comply with applicable motor vehicle safety standards prescribed under this chapter; or

(B) holding, without knowing about the noncompliance and before the vehicle or equipment is first purchased in good faith other than for resale, a certificate issued by a manufacturer or importer stating the vehicle or equipment

complies with applicable standards prescribed under this chapter;

(3) a motor vehicle or motor vehicle equipment intended only for export, labeled for export on the vehicle or equipment and on the outside of any container of the vehicle or equipment, and exported;

(4) a motor vehicle the Secretary of Transportation decides under section 30141 of this title is capable of complying with applicable standards prescribed under this chapter;

(5) a motor vehicle imported for personal use by an individual who receives an exemption under section 30142 of this title;

(6) a motor vehicle under section 30143 of this title imported by an individual employed outside the United States;

(7) a motor vehicle under section 30144 of this title imported on a temporary basis;

(8) a motor vehicle or item of motor vehicle equipment under section 30145 of this title requiring further manufacturing; or

(9) a motor vehicle that is at least 25 years old.

(c) NOTIFICATION PROGRAM FOR DEALERS CONCERNING SALES OF VEHICLES AS SCHOOLBUSES.—Not later than September 1, 1999, the Secretary shall develop and implement a program to notify dealers and distributors in the United States that subsection (a) prohibits the sale or delivery of any vehicle for use as a schoolbus (as that term is defined in section 30125(a)(1) of this title) that does not meet the standards prescribed under section 30125(b) of this title.

* * * * *

CHAPTER 305—NATIONAL MOTOR VEHICLE TITLE INFORMATION SYSTEM

§ 30501. Definitions

In this chapter—

(1) “automobile” has the same meaning given that term in section 32901(a) of this title.

(2) “certificate of title” means a document issued by a State showing ownership of an automobile.

(3) “insurance carrier” means an individual or entity engaged in the business of underwriting automobile insurance.

[(4) “junk automobile” means an automobile that—

[(A) is incapable of operating on public streets, roads, and highways; and

[(B) has no value except as a source of parts or scrap.]]

(4) “nonrepairable vehicle”, “salvage vehicle”, “flood vehicle”, and “rebuilt salvage vehicle” have the same meanings given those terms in section 33301 of this title.

(5) “junk yard” means an individual or entity engaged in the business of acquiring or owning [junk automobiles] nonrepairable vehicles for—

(A) resale in their entirety or as spare parts; or

(B) rebuilding, restoration, or crushing.

(6) “operator” means the individual or entity authorized or designated as the operator of the National Motor Vehicle Title Information System under section 30502(b) of this title, or the

Attorney General, if there is no authorized or designated individual or entity.

[(7) “salvage automobile” means an automobile that is damaged by collision, fire, flood, accident, trespass, or other event, to the extent that its fair salvage value plus the cost of repairing the automobile for legal operation on public streets, roads, and highways would be more than the fair market value of the automobile immediately before the event that caused the damage.]

[(8)] (7) “salvage yard” means an individual or entity engaged in the business of acquiring or owning [salvage automobiles] *salvage vehicles* for—

(A) resale in their entirety or as spare parts; or

(B) rebuilding, restoration, or crushing.

[(9)] (8) “State” means a State of the United States or the District of Columbia.

§ 30502. National Motor Vehicle Title Information System

(a) ESTABLISHMENT OR DESIGNATION.—

(1) In cooperation with the States and not later than December 31, 1997, the Attorney General shall establish a National Motor Vehicle Title Information System that will provide individuals and entities referred to in subsection (e) of this section with instant and reliable access to information maintained by the States related to automobile titling described in subsection (d) of this section. However, if the Attorney General decides that the existing information system meets the requirements of subsections (d) and (e) of this section and will permit the Attorney General to carry out this chapter as early as possible, the Attorney General, in consultation with the Secretary of Transportation, may designate an existing information system as the National Motor Vehicle Title Information System.

(2) In cooperation with the Secretary of Transportation and the States, the Attorney General shall ascertain the extent to which title and related information to be included in the system established under paragraph (1) of this subsection will be adequate, timely, reliable, uniform, and capable of assisting in efforts to prevent the introduction or reintroduction of stolen vehicles and parts into interstate commerce.

(b) OPERATION.—The Attorney General may authorize the operation of the System established or designated under subsection (a)(1) of this section by agreement with one or more States, or by designating, after consulting with the States, a third party that represents the interests of the States.

(c) USER FEES.—Operation of the System established or designated under subsection (a)(1) of this section shall be paid for by user fees and should be self-sufficient and not be dependent on amounts from the United States Government. The amount of fees the operator collects and keeps under this subsection subject to annual appropriation laws, excluding fees the operator collects and pays to an entity providing information to the operator, may be not more than the costs of operating the System.

(d) INFORMATION REQUIREMENTS.—The System established or designated under subsection (a)(1) of this section shall permit a user of the System at least to establish instantly and reliably—

(1) the validity and status of a document purporting to be a certificate of title;

(2) whether an automobile bearing a known vehicle identification number is titled in a particular State;

[(3) whether an automobile known to be titled in a particular State is or has been a junk automobile or a salvage automobile;]

(3) whether an automobile known to be titled in a particular State is or has been a nonrepairable vehicle, a rebuilt salvage vehicle, a flood vehicle, or a salvage vehicle;

(4) for an automobile known to be titled in a particular State, the odometer mileage disclosure required under section 32705 of this title for that automobile on the date the certificate of title for that automobile was issued and any later mileage information, if noted by the State; and

[(5) whether an automobile bearing a known vehicle identification number has been reported as a junk automobile or a salvage automobile under section 30504 of this title.]

(5) whether an automobile bearing a known vehicle identification number has been reported as a nonrepairable vehicle, a rebuilt salvage vehicle, a flood vehicle, or a salvage vehicle under section 30504 of this title.

(e) AVAILABILITY OF INFORMATION.—

(1) The operator shall make available—

(A) to a participating State on request of that State, information in the System about any automobile;

(B) to a Government, State, or local law enforcement official on request of that official, information in the System about a particular automobile, junk yard, or salvage yard;

(C) to a prospective purchaser of an automobile on request of that purchaser, including an auction company or entity engaged in the business of purchasing used automobiles, information in the System about that automobile; and

(D) to a prospective or current insurer of an automobile on request of that insurer, information in the System about that automobile.

(2) The operator may release only the information reasonably necessary to satisfy the requirements of paragraph (1) of this subsection. The operator may not collect an individual's social security account number or permit users of the System to obtain an individual's address or social security account number.

(f) IMMUNITY.—Any person performing any activity under this section or sections 30503 or 30504 in good faith and with the reasonable belief that such activity was in accordance with this section or section 30503 or 30504, as the case may be, shall be immune from any civil action respecting such activity which is seeking money damages or equitable relief in any court of the United States or a State.

§ 30503. State participation

[(a) STATE INFORMATION.—Each State shall make titling information maintained by that State available for use in operating the National Motor Vehicle Title Information System established or designated under section 30502 of this title.

[(b) VERIFICATION CHECKS.—Each State shall establish a practice of performing an instant title verification check before issuing a certificate of title to an individual or entity claiming to have purchased an automobile from an individual or entity in another State. The check shall consist of—

[(1) communicating to the operator—

[(A) the vehicle identification number of the automobile for which the certificate of title is sought;

[(B) the name of the State that issued the most recent certificate of title for the automobile; and

[(C) the name of the individual or entity to whom the certificate of title was issued; and

[(2) giving the operator an opportunity to communicate to the participating State the results of a search of the information.

[(c) GRANTS TO STATES.—

[(1) In cooperation with the States and not later than January 1, 1994, the Attorney General shall—

[(A) conduct a review of systems used by the States to compile and maintain information about the titling of automobiles; and

[(B) determine for each State the cost of making titling information maintained by that State available to the operator to meet the requirements of section 30502(d) of this title.

[(2) The Attorney General may make reasonable and necessary grants to participating States to be used in making titling information maintained by those States available to the operator.

[(d) REPORT TO CONGRESS.—Not later than October 1, 1998, the Attorney General shall report to Congress on which States have met the requirements of this section. If a State has not met the requirements, the Attorney General shall describe the impediments that have resulted in the State's failure to meet the requirements.]

§ 30503. State participation

(a) STATE INFORMATION.—Each State receiving funds appropriated under subsection (c) shall make titling information maintained by that State available for use in operating the National Motor Vehicle Title Information System established or designated under section 30502 of this title.

(b) VERIFICATION CHECKS.—Each State receiving funds appropriated under subsection (c) shall establish a practice of performing an instant title verification check before issuing a certificate of title to an individual or entity claiming to have purchased an automobile from an individual or entity in another State. The check shall consist of—

(1) communicating to the operator—

(A) the vehicle identification number of the automobile for which the certificate of title is sought;

(B) the name of the State that issued the most recent certificate of title for the automobile; and

(C) the name of the individual or entity to whom the certificate of title was issued; and

(2) giving the operator an opportunity to communicate to the participating State the results of a search of the information.

(c) GRANTS TO STATES.—

(1) In cooperation with the States and not later than January 1, 1994, the Attorney General shall—

(A) conduct a review of systems used by the States to compile and maintain information about the titling of automobiles; and

(B) determine for each State the cost of making titling information maintained by that State available to the operator to meet the requirements of section 30502(d) of this title.

(2) The Attorney General may make reasonable and necessary grants to participating States to be used in making titling information maintained by those States available to the operator.

(d) REPORT TO CONGRESS.—Not later than October 1, 1999, the Attorney General shall report to Congress on which States have met the requirements of this section. If a State has not met the requirements, the Attorney General shall describe the impediments that have resulted in the State's failure to meet the requirements.

§ 30504. Reporting requirements

(a) JUNK YARD AND SALVAGE YARD OPERATORS.—

(1) Beginning at a time established by the Attorney General that is not sooner than the 3d month before the establishment or designation of the National Motor Vehicle Title Information System under section 30502 of this title, an individual or entity engaged in the business of operating a junk yard or salvage yard shall file a monthly report with the operator of the System. The report shall contain an inventory of all [junk automobiles or salvage automobiles] *nonrepairable vehicles, rebuilt salvage vehicles, flood vehicles, or salvage vehicles* obtained by the junk yard or salvage yard during the prior month. The inventory shall contain—

(A) the vehicle identification number of each automobile obtained;

(B) the date on which the automobile was obtained;

(C) the name of the individual or entity from whom the automobile was obtained; and

(D) a statement of whether the automobile was crushed or disposed of for sale or other purposes.

(2) Paragraph (1) of this subsection does not apply to an individual or entity—

(A) required by State law to report the acquisition of [junk automobiles or salvage automobiles] *nonrepairable vehicles, rebuilt salvage vehicles, flood vehicles, or salvage vehicles* to State or local authorities if those authorities make that information available to the operator; or

(B) issued a verification under section 33110 of this title stating that the automobile or parts from the automobile are not reported as stolen.

(b) INSURANCE CARRIERS.—Beginning at a time established by the Attorney General that is not sooner than the 3d month before the establishment or designation of the System, an individual or entity engaged in business as an insurance carrier shall file a monthly report with the operator. The report may be filed directly or through a designated agent. The report shall contain an inventory of all automobiles of the current model year or any of the 4 prior model years that the carrier, during the prior month, has obtained possession of and has decided are [junk automobiles or salvage automobiles.] *nonrepairable vehicles, rebuilt salvage vehicles, flood vehicles, or salvage vehicles.* The inventory shall contain—

- (1) the vehicle identification number of each automobile obtained;
- (2) the date on which the automobile was obtained;
- (3) the name of the individual or entity from whom the automobile was obtained; and
- (4) the name of the owner of the automobile at the time of the filing of the report.

(c) PROCEDURES AND PRACTICES.—The Attorney General shall establish by regulation procedures and practices to facilitate reporting in the least burdensome and costly fashion.

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CHAPTER 333—AUTOMOBILE SAFETY AND TITLE DISCLOSURE REQUIREMENTS

Sec.

33301. *Definitions.*

33302. *Passenger motor vehicle titling.*

33303. *Disclosure and label requirements on transfer of rebuilt salvage vehicles.*

33304. *Report on funding.*

33305. *Effect on State law.*

33306. *Civil penalties.*

33307. *Actions by States.*

33308. *Incentive Grants.*

§33301. *Definitions*

(a) DEFINITIONS.—*For the purposes of this chapter:*

(1) *PASSENGER MOTOR VEHICLE.*—The term “passenger motor vehicle” has the same meaning given such term by section 32101(10), except, notwithstanding section 32101(9), it includes a multipurpose passenger vehicle (constructed on a truck chassis or with special features for occasional off-road operation), a truck, other than a truck referred to in section 32101(10)(B), and a pickup truck when that vehicle or truck is rated by the manufacturer of such vehicle or truck at not more than 10,000 pounds gross vehicle weight, and it only includes a vehicle manufactured primarily for use on public streets, roads, and highways.

(2) *SALVAGE VEHICLE.*—The term “salvage vehicle” means any passenger motor vehicle, other than a flood vehicle or a non-repairable vehicle, which—

(A) *is a late model vehicle which has been wrecked, destroyed, or damaged, to the extent that the total cost of re-*

pairs to rebuild or reconstruct the passenger motor vehicle to its condition immediately before it was wrecked, destroyed, or damaged, and for legal operation on the roads or highways, exceeds 75 percent of the retail value of the passenger motor vehicle at the time it was wrecked, destroyed, or damaged;

(B) is a late model vehicle which has been wrecked, destroyed, or damaged, and to which an insurance company acquires ownership pursuant to a damage settlement (except in the case of a settlement in connection with a recovered stolen vehicle, unless such vehicle sustained damage sufficient to meet the damage threshold prescribed by subparagraph (A)); or

(C) the owner wishes to voluntarily designate as a salvage vehicle by obtaining a salvage title, without regard to the level of damage, age, or value of such vehicle or any other factor, except that such designation by the owner shall not impose on the insurer of the passenger motor vehicle or on an insurer processing a claim made by or on behalf of the owner of the passenger motor vehicle any obligation or liability.

Notwithstanding any other provision of this chapter, a State may use the term "older model salvage vehicle" to designate a wrecked, destroyed, or damaged vehicle that does not meet the definition of a late model vehicle in paragraph (9). If a State has established or establishes a salvage definition at a lesser percentage than provided under subparagraph (A), then that definition shall not be considered to be inconsistent with the provisions of this chapter.

(3) SALVAGE TITLE.—The term "salvage title" means a passenger motor vehicle ownership document issued by the State to the owner of a salvage vehicle. A salvage title shall be conspicuously labeled with the word "salvage" across the front.

(4) REBUILT SALVAGE VEHICLE.—The term "rebuilt salvage vehicle" means—

(A) any passenger motor vehicle which was previously issued a salvage title, has passed State anti-theft inspection, has been issued a certificate indicating that the passenger motor vehicle has passed the required anti-theft inspection, has passed the State safety inspection in those States requiring a safety inspection pursuant to section 33302(b)(8), has been issued a certificate indicating that the passenger motor vehicle has passed the required safety inspection in those States requiring such a safety inspection pursuant to section 33302(b)(8), and has a decal stating "Rebuilt Salvage Vehicle—Anti-theft and Safety Inspections Passed" affixed to the driver's door jamb; or

(B) any passenger motor vehicle which was previously issued a salvage title, has passed a State anti-theft inspection, has been issued a certificate indicating that the passenger motor vehicle has passed the required anti-theft inspection, and has, affixed to the driver's door jamb, a decal stating "Rebuilt Salvage Vehicle—Anti-theft Inspection Passed/No Safety Inspection Pursuant to National Cri-

teria” in those States not requiring a safety inspection pursuant to section 33302(b)(8).

(5) *REBUILT SALVAGE TITLE.*—The term “rebuilt salvage title” means the passenger motor vehicle ownership document issued by the State to the owner of a rebuilt salvage vehicle. A rebuilt salvage title shall be conspicuously labeled either with the words “Rebuilt Salvage Vehicle—Anti-theft and Safety Inspections Passed” or “Rebuilt Salvage Vehicle—Anti-theft Inspection Passed/No Safety Inspection Pursuant to National Criteria,” as appropriate, across the front.

(6) *NONREPAIRABLE VEHICLE.*—The term “nonrepairable vehicle” means any passenger motor vehicle, other than a flood vehicle, which is incapable of safe operation for use on roads or highways and which has no resale value except as a source of parts or scrap only or which the owner irreversibly designates as a source of parts or scrap. Such passenger motor vehicle shall be issued a nonrepairable vehicle certificate and shall never again be titled or registered.

(7) *NONREPAIRABLE VEHICLE CERTIFICATE.*—The term “nonrepairable vehicle certificate” means a passenger motor vehicle ownership document issued by the State to the owner of a nonrepairable vehicle. A nonrepairable vehicle certificate shall be conspicuously labeled with the word “Nonrepairable” across the front.

(8) *SECRETARY.*—The term “Secretary” means the Secretary of Transportation.

(9) *LATE MODEL VEHICLE.*—The term “Late Model Vehicle” means any passenger motor vehicle which—

(A) has a manufacturer’s model year designation of or later than the year in which the vehicle was wrecked, destroyed, or damaged, or any of the six preceding years; or

(B) has a retail value of more than \$7,500.

The Secretary shall adjust such retail value by \$500 increments every 5 years beginning with an increase to \$8,000 on January 1, 2005.

(10) *RETAIL VALUE.*—The term “retail value” means the actual cash value, fair market value, or retail value of a passenger motor vehicle as—

(A) set forth in a current edition of any nationally recognized compilation (to include automated databases) of retail values; or

(B) determined pursuant to a market survey of comparable vehicles with regard to condition and equipment.

(11) *COST OF REPAIRS.*—The term “cost of repairs” means the estimated retail cost of parts needed to repair the vehicle or, if the vehicle has been repaired, the actual retail cost of the parts used in the repair, and the cost of labor computed by using the hourly labor rate and time allocations that are reasonable and customary in the automobile repair industry in the community where the repairs are to be performed.

(12) *FLOOD VEHICLE.*—

(A) *IN GENERAL.*—The term “flood vehicle” means any passenger motor vehicle that—

(i) *has been acquired by an insurance company as part of a damage settlement due to water damage; or*

(ii) *has been submerged in water to the point that rising water has reached over the door sill, has entered the passenger or trunk compartment, and has exposed any electrical, computerized, or mechanical component to water, except where a passenger motor vehicle which, pursuant to an inspection conducted by an insurance adjuster or estimator, a motor vehicle repairer or motor vehicle dealer in accordance with inspection guidelines or procedures established by the Secretary or the State, is determined—*

(I) to have no electrical, computerized, or mechanical components which were damaged by water; or

(II) to have one or more electrical, computerized, or mechanical components which were damaged by water and where all such damaged components have been repaired or replaced.

(B) *INSPECTION NOT REQUIRED FOR ALL FLOOD VEHICLES.—No inspection under subparagraph (A) shall be required unless the owner or insurer of the passenger motor vehicle is seeking to avoid a brand of “Flood” pursuant to this chapter.*

(C) *INSPECTION MUST BE BY INDEPENDENT PARTY.—A motor vehicle repairer or motor vehicle dealer may not carry out an inspection under subparagraph (A) on a passenger motor vehicle that has been repaired, or is to be sold or leased, by that repairer or dealer.*

(D) *EFFECT OF DISCLOSURE.—Disclosing a passenger motor vehicle’s status as a flood vehicle or conducting an inspection pursuant to subparagraph (A) shall not impose on any person any liability for damage to (except in the case of damage caused by the inspector at the time of the inspection) or reduced value of a passenger motor vehicle.*

(b) *CONSTRUCTION.—The definitions set forth in subsection (a) only apply to vehicles in a State which are wrecked, destroyed, or otherwise damaged on or after the date on which such State complies with the requirements of this chapter and the rule promulgated pursuant to section 33302(b).*

§33302. Passenger motor vehicle titling

(a) *CARRY-FORWARD OF STATE INFORMATION.—For any passenger motor vehicle, the ownership of which is transferred on or after the date that is 1 year after the date of the enactment of the National Salvage Motor Vehicle Consumer Protection Act of 1999, any State receiving funds under section 33308 of this chapter, in licensing such vehicle for use, shall disclose in writing on the certificate of title whenever records readily accessible to the State indicate that the passenger motor vehicle was previously issued a title that bore any word or symbol signifying that the vehicle was “salvage”, “older model salvage”, “unrebuildable”, “parts only”, “scrap”, “junk”, “non-repairable”, “reconstructed”, “rebuilt”, or any other symbol or word*

of like kind, or that it has been damaged by flood, and the name of the State that issued that title.

(b) *NATIONALLY UNIFORM TITLE STANDARDS AND CONTROL METHODS.*—Not later than 18 months after the date of the enactment of the National Salvage Motor Vehicle Consumer Protection Act of 1999, the Secretary shall by rule require any State receiving funds under section 33308 of this chapter, in licensing any passenger motor vehicle where ownership of such passenger motor vehicle is transferred more than 2 years after publication of such final rule, to apply uniform standards, procedures, and methods for the issuance and control of titles for motor vehicles and for information to be contained on such titles. Such titling standards, control procedures, methods, and information shall include the following requirements:

(1) A State shall conspicuously indicate on the face of the title or certificate for a passenger motor vehicle, as applicable, if the passenger motor vehicle is a salvage vehicle, a nonrepairable vehicle, a rebuilt salvage vehicle, or a flood vehicle.

(2) Such information concerning a passenger motor vehicle's status shall be conveyed on any subsequent title, including a duplicate or replacement title, for the passenger motor vehicle issued by the original titling State or any other State.

(3) The title documents, the certificates, and decals required by section 33301(4), and the issuing system shall meet security standards minimizing the opportunities for fraud.

(4) The certificate of title shall include the passenger motor vehicle make, model, body type, year, odometer disclosure, and vehicle identification number.

(5) The title documents shall maintain a uniform layout, to be established in consultation with the States or an organization representing them.

(6) A passenger motor vehicle designated as nonrepairable shall be issued a nonrepairable vehicle certificate and shall not be retitled.

(7) No rebuilt salvage title shall be issued to a salvage vehicle unless, after the salvage vehicle is repaired or rebuilt, it complies with the requirements for a rebuilt salvage vehicle pursuant to section 33301(4). Any State inspection program operating under this paragraph shall be subject to continuing review by and approval of the Secretary. Any such anti-theft inspection program shall include the following:

(A) A requirement that the owner of any passenger motor vehicle submitting such vehicle for an anti-theft inspection provide a completed document identifying the vehicle's damage prior to being repaired, a list of replacement parts used to repair the vehicle, and proof of ownership of such replacement parts, as may be evidenced by bills of sale, invoices, or, if such documents are not available, other proof of ownership for the replacement parts. The owner shall also include an affirmation that the information in the declaration is complete and accurate and that, to the knowledge of the declarant, no stolen parts were used during the rebuilding.

(B) A requirement to inspect the passenger motor vehicle or any major part or any major replacement part required to be marked under section 33102 for signs of such mark or vehicle identification number being illegally altered, defaced, or falsified. Any such passenger motor vehicle or any such part having a mark or vehicle identification number that has been illegally altered, defaced, or falsified, and that cannot be identified as having been legally obtained (through bills of sale, invoices, or other ownership documentation), shall be contraband and subject to seizure. The Secretary, in consultation with the Attorney General, shall, as part of the rule required by this section, establish procedures for dealing with those parts whose mark or vehicle identification number is normally removed during industry accepted remanufacturing or rebuilding practices, which parts shall be deemed identified for purposes of this section if they bear a conspicuous mark of a type, and applied in such a manner, as designated by the Secretary, indicating that they have been rebuilt or remanufactured. With respect to any vehicle part, the Secretary's rule, as required by this section, shall acknowledge that a mark or vehicle identification number on such part may be legally removed or altered as provided for in section 511 of title 18, United States Code, and shall direct inspectors to adopt such procedures as may be necessary to prevent the seizure of a part from which the mark or vehicle identification number has been legally removed or altered.

(8) Any safety inspection for a rebuilt salvage vehicle performed pursuant to this chapter shall be performed in accordance with nationally uniform safety inspection criteria established by the Secretary. A State may determine whether to conduct such safety inspection itself, contract with one or more third parties, or permit self-inspection by a person licensed by such State in an automotive-related business, all subject to criteria promulgated by the Secretary hereunder. Any State inspection program operating under this paragraph shall be subject to continuing review by and approval of the Secretary. A State requiring such safety inspection may require the payment of a fee for the privilege of such inspection or the processing thereof.

(9) No duplicate or replacement title shall be issued unless the word "duplicate" is clearly marked on the face thereof and unless the procedures for such issuance are substantially consistent with Recommendation three of the Motor Vehicle Titling, Registration and Salvage Advisory Committee.

(10) A State shall employ the following titling and control methods:

(A) If an insurance company is not involved in a damage settlement involving a salvage vehicle or a nonrepairable vehicle, the passenger motor vehicle owner shall apply for a salvage title or nonrepairable vehicle certificate, whichever is applicable, before the passenger motor vehicle is repaired or the ownership of the passenger motor vehicle is transferred, but in any event within 30 days after the passenger motor vehicle is damaged.

(B) *If an insurance company, pursuant to a damage settlement, acquires ownership of a passenger motor vehicle that has incurred damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the insurance company or salvage facility or other agent on its behalf shall apply for a salvage title or nonrepairable vehicle certificate within 30 days after the title is properly assigned by the owner to the insurance company and delivered to the insurance company or salvage facility or other agent on its behalf with all liens released.*

(C) *If an insurance company does not assume ownership of an insured's or claimant's passenger motor vehicle that has incurred damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the insurance company shall notify—*

(i) the owner of the owner's obligation to apply for a salvage title or nonrepairable vehicle certificate for the passenger motor vehicle; and

(ii) the State passenger motor vehicle titling office that a salvage title or nonrepairable vehicle certificate should be issued for the vehicle,

except to the extent such notification is prohibited by State insurance law. The notices shall be made in writing within 30 days after the insurance company determines that the damage will require a salvage title or a nonrepairable certificate and that the vehicle will be left with the owner.

(D) *If a leased passenger motor vehicle incurs damage requiring the vehicle to be titled as a salvage vehicle or nonrepairable vehicle, the lessor shall apply for a salvage title or nonrepairable vehicle certificate within 21 days after being notified by the lessee that the vehicle has been so damaged, except when an insurance company, pursuant to a damage settlement, acquires ownership of the vehicle. The lessee of such vehicle shall inform the lessor that the leased vehicle has been so damaged within 30 days after the occurrence of the damage. Nothing in this subparagraph requires that the requirements for notification be contained in the lease itself, as long as effective notice is provided by the lessor to the lessee of the requirements.*

(E) *Any person acquiring ownership of a damaged passenger motor vehicle that meets the definition of a salvage or nonrepairable vehicle for which a salvage title or nonrepairable vehicle certificate has not been issued, shall apply for a salvage title or nonrepairable vehicle certificate, whichever is applicable. This application shall be made before the vehicle is further transferred, but in any event, within 30 days after ownership is acquired. The requirements of this subparagraph shall not apply to any scrap metal processor which acquires a passenger motor vehicle for the sole purpose of processing it into prepared grades of scrap and which so processes such vehicle.*

(F) *State records shall note when a nonrepairable vehicle certificate is issued. No State shall issue a nonrepairable vehicle certificate after 2 transfers of ownership.*

(G) When a passenger motor vehicle has been flattened, baled, or shredded, whichever comes first, the title or non-repairable vehicle certificate for the vehicle shall be surrendered to the State within 30 days. If the second transferee on a nonrepairable vehicle certificate is unequipped to flatten, bale, or shred the vehicle, such transferee shall, at the time of final disposal of the vehicle, use the services of a professional automotive recycler or professional scrap processor who is hereby authorized to flatten, bale, or shred the vehicle and to effect the surrender of the nonrepairable vehicle certificate to the State on behalf of such second transferee. State records shall be updated to indicate the destruction of such vehicle and no further ownership transactions for the vehicle will be permitted. If different than the State of origin of the title or nonrepairable vehicle certificate, the State of surrender shall notify the State of origin of the surrender of the title or nonrepairable vehicle certificate and of the destruction of such vehicle.

(H) When a salvage title is issued, the State records shall so note. No State shall permit the retitling for registration purposes or issuance of a rebuilt salvage title for a passenger motor vehicle with a salvage title without a certificate of inspection, which complies with the security and guideline standards established by the Secretary pursuant to paragraphs (3), (7), and (8), as applicable, indicating that the vehicle has passed the inspections required by the State. This subparagraph does not preclude the issuance of a new salvage title for a salvage vehicle after a transfer of ownership.

(I) After a passenger motor vehicle titled with a salvage title has passed the inspections required by the State, the inspection official will affix the secure decal required pursuant to section 33301(4) to the driver's door jamb of the vehicle and issue to the owner of the vehicle a certificate indicating that the passenger motor vehicle has passed the inspections required by the State. The decal shall comply with the permanency requirements established by the Secretary.

(J) The owner of a passenger motor vehicle titled with a salvage title may obtain a rebuilt salvage title or vehicle registration, or both, by presenting to the State the salvage title, properly assigned, if applicable, along with the certificate that the vehicle has passed the inspections required by the State. With such proper documentation and upon request, a rebuilt salvage title or registration, or both, shall be issued to the owner. When a rebuilt salvage title is issued, the State records shall so note.

(11) A seller of a passenger motor vehicle that becomes a flood vehicle shall, prior to the time of transfer of ownership of the vehicle, give the transferee a written notice that the vehicle has been damaged by flood, provided such person has actual knowledge that such vehicle has been damaged by flood. At the time of the next title application for the vehicle, disclosure of the flood status shall be provided to the applicable State with the

properly assigned title and the word “Flood” shall be conspicuously labeled across the front of the new title.

(12) In the case of a leased passenger motor vehicle, the lessee, within 15 days of the occurrence of the event that caused the vehicle to become a flood vehicle, shall give the lessor written disclosure that the vehicle is a flood vehicle.

(13) Ownership of a passenger motor vehicle may be transferred on a salvage title, however, a passenger motor vehicle for which a salvage title has been issued shall not be registered for use on the roads or highways unless it has been issued a rebuilt salvage title.

(14) Ownership of a passenger motor vehicle may be transferred on a rebuilt salvage title, and a passenger motor vehicle for which a rebuilt salvage title has been issued may, if permitted by State law, be registered for use on the roads and highways.

(15) Ownership of a passenger motor vehicle may only be transferred 2 times on a nonrepairable vehicle certificate. A passenger motor vehicle for which a nonrepairable vehicle certificate has been issued can never be titled or registered for use on roads or highways.

(c) *ELECTRONIC PROCEDURES.*—A State may employ electronic procedures in lieu of paper documents whenever such electronic procedures provide the same information, function, and security otherwise required by this section.

(d) *NATIONAL RECORD OF COMPLIANT STATES.*—The Secretary shall establish a record of the States which are in compliance with the requirements of subsections (a) and (b) of this section. The Secretary shall work with States to update this record upon the enactment of a State law which causes a State to come into compliance or become noncompliant with the requirements of subsections (a) and (b) of this section. Not later than 18 months after the enactment of the National Salvage Motor Vehicle Consumer Protection Act of 1999, the Secretary shall establish a mechanism or mechanisms to identify to interested parties whether a State is in compliance with the requirements of subsections (a) and (b) of this section.

§ 33303. Disclosure and label requirements on transfer of rebuilt salvage vehicles

(a) *WRITTEN DISCLOSURE REQUIREMENTS.*—

(1) *GENERAL RULE.*—Under regulations prescribed by the Secretary of Transportation, a person transferring ownership of a rebuilt salvage vehicle shall, prior to the time of transfer of ownership of the vehicle, give the transferee a written disclosure that the vehicle is a rebuilt salvage vehicle when such person has actual knowledge of the status of such vehicle.

(2) *FALSE STATEMENT.*—A person making a written disclosure required by a regulation prescribed under paragraph (1) of this subsection may not make a false statement in the disclosure.

(3) *COMPLETENESS.*—A person acquiring a rebuilt salvage vehicle for resale may accept a disclosure under paragraph (1) only if it is complete.

(4) *REGULATIONS.*—The regulations prescribed by the Secretary shall provide the way in which information is disclosed and retained under paragraph (1).

(b) *LABEL REQUIREMENTS.*—

(1) *IN GENERAL.*—The Secretary shall by regulation require that a label be affixed to the windshield or window of a rebuilt salvage vehicle before its first sale at retail containing such information regarding that vehicle as the Secretary may require. The label shall be affixed by the individual who conducts the applicable State antitheft inspection in a participating State.

(2) *REMOVAL, ALTERATION, OR ILLEGIBILITY OF REQUIRED LABEL.*—No person shall willfully remove, alter, or render illegible any label required by paragraph (1) affixed to a rebuilt salvage vehicle before the vehicle is delivered to the actual custody and possession of the first retail purchaser.

(c) *LIMITATION.*—The requirements of subsections (a) and (b) shall only apply to a transfer of ownership of a rebuilt salvage vehicle where such transfer occurs in a State which, at the time of the transfer, is complying with subsections (a) and (b) of section 33302.

§ 33304. Report on funding

The Secretary shall, contemporaneously with the issuance of a final rule pursuant to section 33302(b), report to appropriate committees of Congress whether the costs to the States of compliance with such rule can be met by user fees for issuance of titles, issuance of registrations, issuance of duplicate titles, inspection of rebuilt vehicles, or for the State services, or by earmarking any moneys collected through law enforcement action to enforce requirements established by such rule.

§ 33305. Effect on State law

(a) *IN GENERAL.*—Unless a State is in compliance with subsection (c) of section 33302, effective on the date the rule promulgated pursuant to section 33302 becomes effective, the provisions of this chapter shall preempt all State laws such a State that receives funds under section 33308 of this chapter, to the extent they are inconsistent with the provisions of this chapter or the rule promulgated pursuant to section 33302, which—

(1) set forth the form of the passenger motor vehicle title;

(2) define, in connection with a passenger motor vehicle (but not in connection with a passenger motor vehicle part or part assembly separate from a passenger motor vehicle), any term defined in section 33301 or the terms “salvage”, “nonrepairable”, or “flood”, or apply any of those terms to any passenger motor vehicle (but not to a passenger motor vehicle part or part assembly separate from a passenger motor vehicle); or

(3) set forth titling, recordkeeping, anti-theft inspection, or control procedures in connection with any salvage vehicle, rebuilt salvage vehicle, nonrepairable vehicle, or flood vehicle.

(b) *EXCEPTIONS.*—

(1) *PASSENGER MOTOR VEHICLE; OLDER MODEL SALVAGE.*—Subsection (a)(2) does not preempt State use of the term—

(A) “passenger motor vehicle” in statutes not related to titling, recordkeeping, anti-theft inspection, or control proce-

dures in connection with any salvage vehicle, rebuilt salvage vehicle, nonrepairable vehicle, or flood vehicle ; or

(B) “older model salvage” to designate a wrecked, destroyed, or damaged vehicle that is older than a late model vehicle.

(2) *PRIVATE LAW ACTIONS.*—Nothing in this chapter may be construed to affect any private right of action under State law.

(c) *CONSTRUCTION.*—Additional disclosures of a passenger motor vehicle’s title status or history, in addition to the terms defined in section 33301, shall not be deemed inconsistent with the provisions of this chapter. Such disclosures shall include disclosures made on a certificate of title. When used in connection with a passenger motor vehicle (but not in connection with a passenger motor vehicle part or part assembly separate from a passenger motor vehicle), any definition of a term defined in section 33301 which is different than the definition in that section or any use of any term listed in subsection (a), but not defined in section 33301, shall be deemed inconsistent with the provisions of this chapter. Nothing in this chapter shall preclude a State from disclosing on a rebuilt salvage title that a rebuilt salvage vehicle has passed a State safety inspection which differed from the nationally uniform criteria to be promulgated pursuant to section 33302(b)(8).

§33306. Civil penalties

(a) *PROHIBITED ACTS.*—It is unlawful for any person knowingly to—

(1) make or cause to be made any false statement on an application for a title (or duplicate title) for a passenger motor vehicle or any disclosure made pursuant to section 33303;

(2) fail to apply for a salvage title when such an application is required;

(3) alter, forge, or counterfeit a certificate of title (or an assignment thereof), a nonrepairable vehicle certificate, a certificate verifying an anti-theft inspection or an anti-theft and safety inspection, a decal affixed to a passenger motor vehicle pursuant to section 33302(b)(10)(I), or any disclosure made pursuant to section 33303;

(4) falsify the results of, or provide false information in the course of, an inspection conducted pursuant to section 33302(b)(7) or (8);

(5) offer to sell any salvage vehicle or nonrepairable vehicle as a rebuilt salvage vehicle;

(6) fail to make any disclosure required by section 33302(b)(11);

(7) fail to make any disclosure required by section 33303;

(8) violate a regulation prescribed under this chapter;

(9) move a vehicle or a vehicle title in interstate commerce for the purpose of avoiding the titling requirements of this chapter; or

(10) conspire to commit any of the acts enumerated in paragraph (1), (2), (3), (4), (5), (6), (7), (8), or (9).

(b) *CIVIL PENALTY.*—Any person who commits an unlawful act as provided in subsection (a) of this section shall be fined a civil pen-

alty of up to \$2,000 per offense. A separate violation occurs for each passenger motor vehicle involved in the violation.

§33307. Actions by States

(a) *IN GENERAL.*—When a person violates any provision of this chapter, the chief law enforcement officer of the State in which the violation occurred may bring an action—

(1) to restrain the violation;

(2) recover amounts for which a person is liable under section 33306; or

(3) to recover the amount of damage suffered by any resident in that State who suffered damage as a result of the knowing commission of an unlawful act under section 33306(a) by another person.

(b) *STATUTE OF LIMITATIONS.*—An action under subsection (a) shall be brought in any court of competent jurisdiction within 2 years after the date on which the violation occurs.

(c) *NOTICE.*—The State shall serve prior written notice of any action under subsection (a) or (f)(2) upon the Attorney General of the United States and provide the Attorney General with a copy of its complaint, except that if it is not feasible for the State to provide such prior notice, the State shall serve such notice immediately upon instituting such action. Upon receiving a notice respecting an action, the Attorney General shall have the right—

(1) to intervene in such action;

(2) upon so intervening, to be heard on all matters arising therein; and

(3) to file petitions for appeal.

(d) *CONSTRUCTION.*—For purposes of bringing any action under subsection (a), nothing in this Act shall prevent an attorney general from exercising the powers conferred on the attorney general by the laws of such State to conduct investigations or to administer oaths or affirmations or to compel the attendance of witnesses or the production of documentary and other evidence.

(e) *VENUE; SERVICE OF PROCESS.*—Any action brought under subsection (a) in a district court of the United States may be brought in the district in which the defendant is found, is an inhabitant, or transacts business or wherever venue is proper under section 1391 of title 28, United States Code. Process in such an action may be served in any district in which the defendant is an inhabitant or in which the defendant may be found.

(f) *ACTIONS BY STATE OFFICIALS.*—

(1) Nothing contained in this section shall prohibit an attorney general of a State or other authorized State official from proceeding in State court on the basis of an alleged violation of any civil or criminal statute of such State, including those related to consumer protection.

(2) In addition to actions brought by an attorney general of a State under subsection (a), such an action may be brought by officers of such State who are authorized by the State to bring actions in such State on behalf of its residents.

§ 33308. Incentive Grants

(a) *GENERAL AUTHORITY.*—The Secretary of Transportation shall make a grant to each State that demonstrates to the satisfaction of the Secretary that it is taking appropriate actions to implement the provisions of this chapter.

(b) *GRANTS.*—Pursuant to subsection (a), a grant to carry out this chapter in a fiscal year shall be provided to each qualifying State in an amount determined by multiplying—

(1) the amount authorized for the fiscal year to carry out this chapter, by

(2) the ratio that the amount of funds apportioned to each qualifying State under section 402 of title 23, United States Code, for the fiscal year bears to the total amount of funds apportioned to all qualifying States under section 402 of title 23, United States Code, for such fiscal year, except that no State eligible for a grant under this paragraph shall receive less than \$250,000.

(c) *USE OF GRANTS.*—Any State that receives a grant under this section shall use the funds to carry out the provisions of this chapter, including such conformance related activities as issuing titles, establishing and administering vehicle theft or salvage vehicles safety inspections, enforcement, and other related purposes.

(d) *AUTHORIZATION OF APPROPRIATIONS.*—

(1) *IN GENERAL.*—There is authorized to be appropriated to carry out this chapter \$16,000,000 for fiscal year 2000.

(2) *AVAILABILITY OF FUNDS.*—Funds authorized by this section shall remain available until expended.

